

Chapter 1

Introducing Spotify

In This Chapter

- ▶ Considering what Spotify can offer you
- ▶ Understanding how Spotify works as a business
- ▶ Discovering the types of service you can get
- ▶ Going through the Spotify terms of use
- ▶ Figuring out the information Spotify collects about you

Welcome, ladies and gentlemen, to my magic act. Now, for my first trick: to pull my music collection out of thin air for your enjoyment! Without a CD or a portable music player in sight!

I can play my friends' music, too, and check out what other tracks people choose to share. I've eavesdropped on Britney Spears's favorite '80s tracks — I'm sure she didn't mind because she posted them on Twitter.

And my second trick? Pick an act, any act. I'll search for them and play their tracks for you almost instantly, even if I've never heard of them before.

Yes, the way we access music is changing, and Spotify is helping drive this shift. Spotify is a piece of software that lets you search for music and hear it streamed to you from the Internet. You don't need to download the song to your computer before listening to it, and the song plays almost instantly.

But that's not all Spotify does. In this chapter, I explain what Spotify can do and how it signals a move away from more traditional ways of listening to music. I also discuss how Spotify works as a company — how it pays artists, as well as its terms of use, subscription levels, and privacy issues.

Peeking at Some Snazzy Spotify Features

Spotify is helping to make universal, instant accessibility to all music possible, whether you're on your mobile device or desktop computer.

Facebook helped people reconnect with old friends and make new ones, and Spotify's helping people rediscover songs from their youth and discover fresh music through friends and search. But what exactly *is* Spotify? What does it do? How does it operate? I answer all these questions in the following sections.

Getting instant music

You can start playing Spotify tracks almost straightaway, as if you were playing a CD — even though the music's coming from the Internet. Spotify's technical boffins have worked hard to make the listening process immediate. Who needs a digital file for every single thing you listen to, when Spotify can help free up precious space on your computer's hard drive by serving up your tunes instead? I've rarely run into any jumps or skips when listening to Spotify music this way. That's not to say the streaming is flawless every time, but it *is* very impressive. And you can so easily forget that you aren't listening to music you have on your computer or on a disc.

Creating playlists

At the center of the Spotify universe is the *playlist*, which is like the mix-tape of old, letting you create a group of your favorite tracks dedicated to a certain theme, era, genre, artist, or whatever you want. On Spotify, you're encouraged to turn albums into playlists so that you can listen to tracks as the artist originally intended.

Creating playlists is simple after you get the hang of it — there are a few quirks, but to become a pro in no time, just turn to Chapter 6.

Playlists can also be created to complement a piece of news. For example, when the coveted Mercury Music Prize 2011 nominees were announced, a member of the popular Spotify community site ShareMyPlaylists.com posted a link containing all tracks from the nominees' albums in one convenient list. With one click, I could load the albums into Spotify right away and start playing them (see Figure 1-1). Even though I've been using Spotify for more than two years, this simple and obvious process still impresses me.

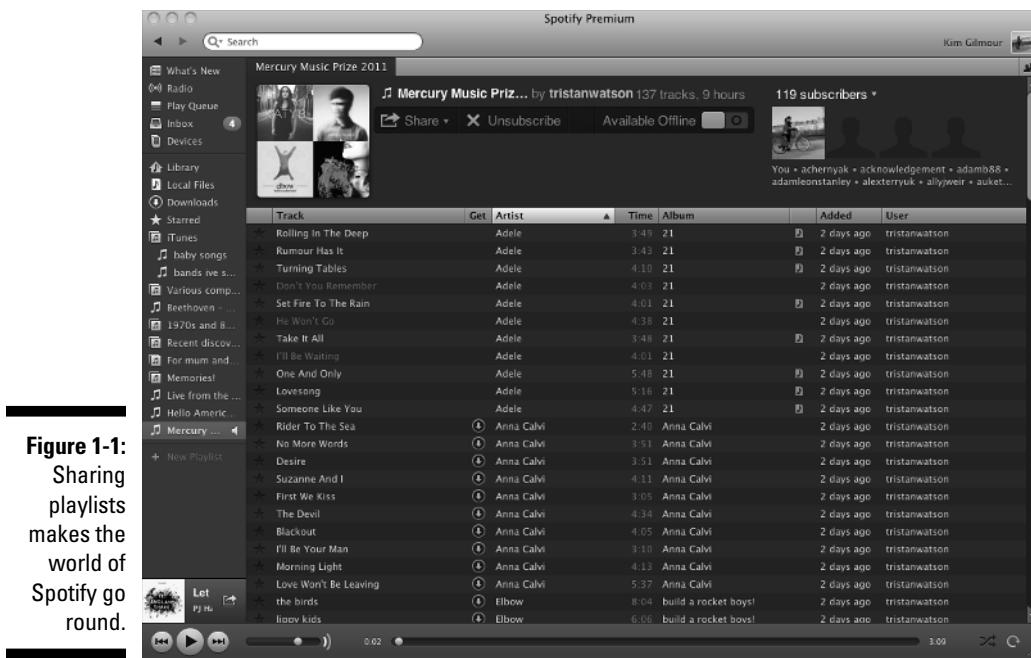


Figure 1-1:
Sharing
playlists
makes the
world of
Spotify go
round.

Listening on other devices

Premium subscribers (I discuss the different types of Spotify subscriptions in the section “Tasting the Many Flavors of Spotify,” later in this chapter) have the ultimate Spotify experience because they can listen to any Spotify music on their compatible mobile devices. Spotify supports offline syncing, so you can save tracks to your phone and listen to them in Offline mode without incurring huge data charges.

Premium subscribers can also listen to Spotify in hi-fi through sound systems made by manufacturers such as Sonos, Onkyo, and Logitech by logging into Spotify through these devices. And anyone can stream music to existing speakers if they have the right connections. I discuss all these options in Chapter 15.

Playing local files

The future may be all about renting your music collection, but there are still plenty of us who have stored our favorite digital files on our computers. Spotify indexes the local files on your computer and displays them in a convenient list. Most common file formats are supported, and you need never open another music player again. You can create playlists that contain a combination of local

files on your computer and tracks from Spotify's own library, giving you the best of both worlds. Spotify lets you listen to music without hearing a distinction between the local track and the streaming track.

Sharing new music discoveries

Sharing music helps you discover new acts. When you hear something exciting and new, your friends are usually the first people you tell — Spotify lets you do that easily. You can actively share links, or you can passively publish your playlists to your public Spotify profile and leave it to your mates to dig around in your listening library.

Spotify is closely tied into Facebook, so you don't need to put in much effort building yet another social network — all your Spotify friends on Facebook are listed there for you. On Facebook, just click the Music icon on the left-hand sidebar to see everything your friends are listening to on Spotify (and other music services). You can even listen to Spotify tracks from Facebook, as long as you have Spotify open on your computer. See Chapters 9 and 10 for more on the social aspects of Spotify.

And if you're an unsigned act who's put your music onto Spotify (see Chapter 19 if you want to know how to do this), then you can easily promote yourself by using a music-distribution service that has partnered up with Spotify.

Branching out with third-party resources

Spotify has a committed, dedicated fan base. A huge number of Spotify blogs, services, and apps can help you make the most of Spotify while Spotify itself is busy concentrating on what it does best: delivering music to you. The main aim with most of these resources is to make it easy for you to discover new kinds of music. Turn to Chapter 11 for a rundown of the most popular sites, as well as Chapters 18 and 19 for some more suggestions and add-ons. Throughout the book, I also give you occasional tips mentioning the odd app or website.

Deciding to Go for Spotify

For a decade I have waited for a music service that could rekindle my excitement about music by enabling music to be shared freely across the world. . . . Spotify is the service I have been waiting for.

—Sean Parker, Napster co-founder turned Spotify advisor

Comparing Spotify with YouTube?

YouTube, owned by Google, is a big way for people to discover new music these days. YouTube is free and absolutely chock-a-block with music, and it also provides revenue and promotional opportunities for artists. Despite it being a video-based medium, it actually has many similarities to Spotify.

I've discovered tons of new music thanks to YouTube — and continue to do so. If you're in a band, you've probably relished the exposure YouTube can bring to you — just like the old days of MySpace, when acts like Lily Allen and the Arctic Monkeys found fame on the back of uploading some tracks onto their MySpace pages.

But because anyone can upload stuff, music quality on YouTube is hugely variable, depending on who's uploaded it. The playback on YouTube isn't quite as instant as Spotify, either, and you can't easily create or share a lot of playlists.

If I find an act I like on YouTube, I sometimes go to Spotify to see whether Spotify offers their music so that I can hear a far better audio version of the clip. (I also get to avoid the childish comments and spam that tend to plague popular YouTube clips!)

Spotify is kind of like YouTube's nerdy brother — a bit more mature, a bit wiser, but underneath it all, he knows how to have a fun time.

Obviously, you're reading this book because you're interested in using Spotify and finding new music with it. But you can find other music-streaming services out there that also offer this sort of on-demand streaming. Some of them have been operating for years in the U.S. without as much fanfare as Spotify has received.

When Spotify finally launched in the U.S. in mid-2011, I noticed plenty of people on Twitter asking, "What's the big deal?" The following sections talk about a few features that Spotify has going for it.

Technology

Spotify's focus really is on engineering and helping you experience music more efficiently — that way, you spend more time using it.

Google is a good example of a company that takes a similar approach. After you search for something on Google, you see a little note on the search results page that tells you how many results it found, as well as how many milliseconds the search took. Google is constantly trying to shorten the time between you searching for something and the results being displayed (it even has *instant search*, where it predicts your search query and delivers results to you while you type). Spotify's obsessed with speed, too, and wants to eliminate any discernible delay between selecting a track and that track being streamed to you. According to CEO Daniel Ek, 200 milliseconds

between pressing play and hearing the music start to stream is the magic number where the brain doesn't perceive a lag. For more about the technology behind Spotify, check out Chapter 2.

Sound quality and efficiency

Spotify uses the efficient (and oddly named) Ogg Vorbis format for tracks it streams to you. This format results in a high-quality file that doesn't require much *bandwidth*, or network capacity, to stream to your computer or mobile device. Premium users can enjoy even higher quality for many tracks (see the sidebar "Streaming at premium quality," in this chapter).

Music sharing by using links

Virtually everything on Spotify, from albums to search results, has its own address, or URL, which you can link to on social networks, in e-mails, or on websites. It also weaves seamlessly with Facebook, giving you an instant buddy list of friends who've connected their Spotify accounts with Facebook — and you can also publish your playlists there.

Merging your music

When you import a list of your locally stored files into Spotify, you can play these tracks alongside the tracks that you stream, essentially merging them into one big, happy library. You probably can't tell the difference between which tracks are on your computer and which are coming from Spotify. Playlists can contain a mixture of local and streaming tracks, which makes things even more seamless.

Catalogue selection

There are at least 15 million tracks in Spotify's library (or catalogue), which dwarfs the selection found on many other streaming offerings. And the number is growing by around 10,000 every day.

There are a few glaring omissions; read more about those in Chapter 4. When I was showing off Spotify to my friend Anne, I asked her to name a band I could look up. Immediately she suggested, "The Beatles." I then had to explain, "Well . . . anyone *but* them." I now have to preempt every conversation I have with a Spotify newbie by saying, "Except the Beatles! Or Pink Floyd, or Led Zeppelin, or Arcade Fire." That's not to say you can't listen to these bands, though: I have plenty of albums that aren't on Spotify saved to

my computer, and because Spotify can index the files on my computer, I can happily play them from within Spotify — as long as I'm on my local computer or have copied the files to my mobile device.



Spotify has a licensing deal with Merlin, the consortium that represents thousands of independent record labels. It also streams unsigned bands through partnerships with music distribution agencies. So, Spotify helps make the road to discovering musical gems easy.

Transatlantic reach

Spotify has a huge audience; operating in seven European countries and in the U.S. To discover what music is most popular right now, you can look up Top lists in your region or in a particular country. You can even view what people are listening to in *all* the countries where Spotify has a presence.

The tunes, they are a-changin'

"Spotify promises to get people excited about music again, and the result will be a new golden age of music — more people discovering and listening to more music than ever before."

Those are the influential words of Sean Parker, co-founder of the infamous yet pioneering music-sharing service Napster, which let people swap the music on their computers with anyone who wanted it. Unlimited songs, for free, at people's fingertips and on a scale never seen before. Sounds familiar, right?

But with the original Napster, artists weren't compensated for their work. And all the while, record labels had no idea how to embrace the service. They sued it from all angles, forcing it to shut down and reopen in a stripped-down form. Sean was unable to realize his vision for the company as a revolutionary way to swap music with friends (Napster has since relaunched completely and is owned by U.S. retail giant Best Buy).

Now, a decade later, Sean can rest easy at night: Spotify is here. As an investor and advisor

to the Swedish startup, Sean has spent much of his time trying to build up buzz around Spotify. When it finally launched in the States in July 2011, he took to his Facebook Wall and started raving about how it was going to change everything.

Daniel Ek, Spotify's CEO, has revealed that he was a big user of Napster back in the day, and there's no doubting its influence on where Spotify is today. During a live interview with *Fortune* magazine at the Brainstorm Tech conference in Colorado, he said, "The most interesting part of Napster was the fact that when I started downloading music, I could discover all these people, and I right-clicked on them and it said 'browse this person's collection' and I got everything else that they had. That got me on Led Zeppelin, it got me on all these bands who I probably wouldn't have heard about otherwise. And that's exactly the kind of feeling we want to now re-create but make it even simpler." (And legal, I'm guessing.)

Examining the Business of Spotify

This book is a guide to Spotify, not an economics lesson, but I think it's well worth examining *how* Spotify can manage to deliver all this music to you without most of its users paying a cent. It was certainly a revelation to me when researching this book!

Convincing you to pay

Spotify has a solid free, ad-supported offering that a lot of people use — but this free option does come with restrictions that become more limiting after six months of using the service. The company knows that after people on the free plan have built up a heap of playlists, established a group of friends, and ditched whatever they were using before Spotify to discover and play music, they'll be hooked and happy to shell out for an even better version of a service they've been getting — without ads or time restrictions and, for the top-tier service, access to all the great stuff on their mobile devices. I have to admit, it's a cunning plan.

Actually, Spotify doesn't have to do a lot of convincing most of the time — when Spotify launched in the U.S. as an invite-only service, the media and blogs created so much hype around it that the Spotify invitations were a much sought-after thing. So, what did Spotify do? It encouraged people to jump the queue (as they say in Europe) and start using Spotify straightaway — as long as they paid first (see Figure 1-2).

It also got celebrities — particularly musicians such as Britney Spears, Justin Bieber, Trent Reznor, and Billy Corgan — to dish out free invites to their Twitter followers.

The answer to piracy?

Spotify's been operating in parts of Europe since 2008 and has 10 million users, 1.6 million of whom are paying for the service. In its birthplace, Sweden, it's already a household name. According to the Music Ally industry news site (www.musically.com), in 2010, Spotify made more money in Sweden for labels Sony and Universal Music Group than any other retailer, online or off, including iTunes. This is a country famous for creating the file-sharing software Kazaa and the Pirate Bay, which were used for exchanging copyrighted music illegally. In 2007, Swedes elected the Pirate Party to the European Parliament — a party whose manifesto was essentially based around pirating music and other content for noncommercial use.

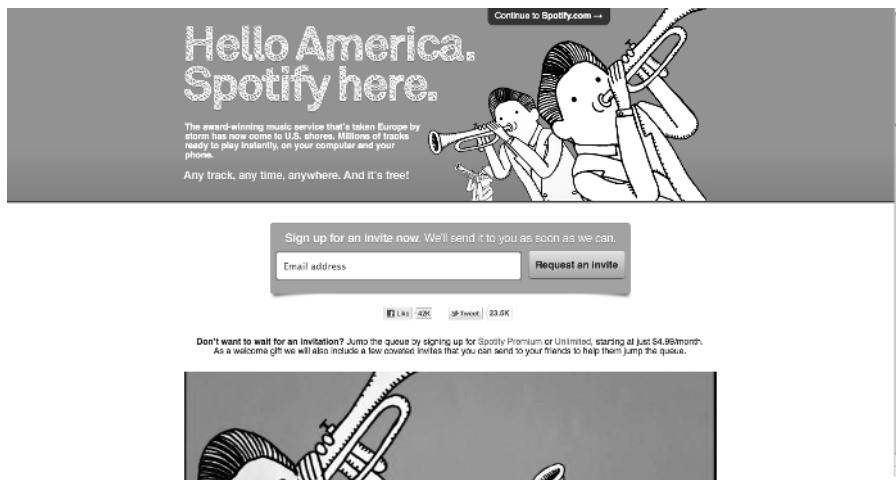


Figure 1-2:
Hello,
America —
Spotify has
arrived.

Spotify CEO Daniel Ek has repeatedly said he wants to create something that's "better than piracy," now that people are listening to more music than ever.

Actually, the Pirate Bay and Spotify have something big in common. Spotify cleverly adapts the efficient technology traditionally used for pirating music and manages to do pretty much the same thing, completely legally. The difference is that Spotify has acquired licenses to stream those tracks from the record labels, composers, artists, publishers, agencies distributing the tracks, and so on. Getting the labels on board is hard work, and the big names have a part ownership in Spotify as a result of the deal. Spotify's managed to convince record labels that royalties received from streaming music, although small initially, will build up over time.

Licensing is a very complex process, and it took a couple of years for Spotify to finally crack the U.S., where traditionally the record industry has been slow to embrace new technology.



In an interview with *Fortune* magazine at the Brainstorm Tech Conference in Colorado, Ek revealed, "The vast majority of all revenues goes to rights holders. . . . We think that makes sense. They're contributing the content; we're basically the platform. A fair way of thinking about it is the Apple model, where Apple will give away 70 percent and keep 30 percent themselves."

Shifting music ownership

The shift from ripping CDs to putting them on your hard drive was a big one, but people managed it. Now, it's all about streaming. With Spotify, you don't actually download or *own* the music as digital files; you subscribe to Spotify

and access the tracks remotely, like you would if you were watching a video on YouTube. Convenient, eh?

Spotify offers three types of accounts: a free version supported by advertising and two subscription-based varieties. The others are subscription based. See the section “Tasting the Many Flavors of Spotify,” later in this chapter, as well as Chapter 12, for details on subscriptions.

Renting your music, rather than making a one-time purchase, has another upside: Each time you stream a track, you contribute to royalties. So, although streaming a track means Spotify pays out only a small fraction of a cent (the exact figures vary), the music generates more income in the long run (a phenomenon called *the long tail*, popularized by *Wired* editor Chris Anderson). Get rich slowly, if you will.



In the parts of Europe where Spotify operates, it does have a download store if you want to download and keep those tracks. (I’m told a download store will launch in the U.S., as well, so it may be available by the time you read this.) The feature benefits free users who use Spotify as a discovery tool and buy music they like, without having to commit to a subscription. For more on using the store, turn to Chapter 8.

Valuable listening data

These days, it’s going to take much longer for an artist to receive the same kind of income from streaming his music that he did with CD sales or conventional digital downloads, so he needs to know how well his tracks are doing.

In a July 2011 *Bloomberg Businessweek* profile on Ek called “Daniel Ek’s Spotify: Music’s Last Best Hope,” it’s revealed that part of the deal between record labels and Spotify is that Spotify can gather intricate information about listening trends that record labels could only dream of a few years ago.

Spotify knows your age, gender, and general location, as well as the tracks you’re listening to. Its privacy policy (see the section “Knowing Me, Knowing Spotify,” later in this chapter) states how it can then provide *aggregated*, or not personally identifiable, listening data to its partners and throws some light on how Spotify works as a business, beyond the basic music-delivery aspect.

The *Businessweek* article explains that Jay-Z thought he was popular in London, but he’s actually a hit in Manchester. Spotify knows from its data that, on the weekend, more people are going to be playing Rihanna and Lady Gaga, and that radio airplay still drives streams on Spotify.

So, when you’re having your 1990s party and load up the playlist full of tracks by Hole, the Offspring, Fun Lovin’ Criminals, and Soundgarden, Spotify might detect a similar spike with other 25- to 35-year-olds listening to the same retro tracks on a Friday night.

Streaming at premium quality

Are you tempted by Spotify's top-tier service, Spotify Premium, mainly because of its top-quality audio offerings? Then you're in luck because the desktop application on your computer gives you the option of streaming at a far higher quality, or *bitrate*, than standard accounts: 320 Kbps (kilobits per second), compared with 160 Kbps for non-Premium accounts. For more on bitrates, see Chapter 2.

However, it's worth bearing in mind that not all tracks on Spotify have been converted to 320 Kbps yet; it's an ongoing process. There's plenty of debate about whether the layperson can actually tell the difference — and with data caps on broadband usage becoming standard,

the premium bitrate can chip away at your monthly limit.

Most people who use regular speakers or listen to music through a computer or earphones are unlikely to appreciate a distinct difference with the track quality. But plenty of audiophiles do care.

You can't currently tell before you play a track whether it's available in higher-quality format. So, if top-quality sound through your hi-fi is your thing and this is a crucial issue for you, I recommend signing up for a free Spotify Premium trial first or committing yourself to only an initial one-month plan to make sure you're happy with what you're hearing.

Tasting the Many Flavors of Spotify

From the reactions on Twitter after Spotify's U.S. launch, Spotify's arrival is truly exciting. But a few disconcerted people found not having permanent access to your music collection on your computer, and renting it instead, a difficult concept to grasp.

Spotify recognizes the confusion, so it offers a free version that lets you play around with Spotify and use it to discover new music — with some limits. After building a few playlists, sharing tracks, and engaging with friends, you're encouraged to upgrade to get rid of the ads, take your music with you, and remove any time limits.

Spotify offers a range of different sign-up approaches and subscription levels. I don't go into them in massive detail in the following sections — for that, turn to Chapter 12.

Spotify Free: A gourmet sample

This is the open-to-all, basic version of Spotify that you can get when you sign up on the Spotify website (www.spotify.com). It's supported by ads; you can track the amount of listening time left on your account with a timer at the top-right of the screen. A Free account gives you unlimited listening hours for

the first six months. After that time, your hours are cut back to 10 hours, and you're allowed to stream a track only five times before you're asked to either purchase it as a digital download or upgrade your account. (Spotify Free used to be an invite-only affair. In September 2011, Spotify opened up this type of account to all. An older type of free account, Spotify Open, is being phased out as this book goes to press — you may still see it referenced in some of this book's figures.)



Unlike personal video recorders, you can't fast-forward, skip, or even mute the ads on the free accounts. The ads aren't as annoying as the ones you get on the radio or television (or as loud as what you hear in the cinema), but they are a distraction. Upgrading is the only way to get rid of them. Well, actually, people have tried workarounds — but I'm not sure they're worth the trouble just to mute an occasional 30-second advertisement.

Spotify Unlimited: A hearty main course

With an Unlimited account (\$4.99/\$4.99/€4.99 per month), you get to listen to music on your computer without the advertisements and with no listening limits or time restrictions. You also get to log in anywhere around the world. The major thing missing from an Unlimited subscription is mobile access.

Spotify Premium: A four-course meal

A Premium account (\$9.99/\$9.99/€9.99) is the ultimate subscription that gives you unlimited streaming, exclusive listens to selected albums, and access to higher-quality audio streams (where available). Most important, you get portability and availability: You can stream music to your mobile device and sync albums for offline listening by using your computer or mobile device. For more on offline syncing, see Chapter 16.



Hopefully, you won't ever want or need to leave Spotify; but if you do, you can still preserve what tracks you have in your playlists by selecting all the tracks in a playlist, and then dragging and dropping the listings into a Word document or similar. I discuss how to back up your playlists in this way in Chapter 8. You can then use sites such as Playlistify (www.playlistify.org) to try to convert the plain text into readable track listings for a range of other services, including iTunes, Grooveshark, Rhapsody, and so on. You can also leave your account active — it just reverts to the free version after you cancel your subscription. Your playlists are still bookmarked at Spotify, so you can come back to them at any time or resume your subscription if you took a break from it.

Figuring out Terms of Use

The world of music licensing is complicated enough, let alone the world of streaming digital music. Royalties need to be sorted out and licensing agreements regarding streaming music rights need to be struck in every country in which Spotify operates. Advertisers need to get on board, too.

That's why, although digital music is an immediate product with minimal overheads, it took years for Spotify to launch in the U.S.

There are also legalities surrounding the use of the content that you listen to on Spotify — you, as a subscriber, need to stick to the Terms of Use.

When you first register and install Spotify, you need to agree to the terms before you can start using it. Spotify's terms are updated every now and again (usually when new features are introduced), and when this happens, you have to accept any significant changes to the terms when you log into the updated software.

You can access the terms by clicking a link that appears on every Spotify page and, for the most part, the terms are written in *normal* language that mere mortals like us can understand. That's great because you're probably already busy enough and don't want to be bogged down in legalese. You just want to start listening to the music.

But a few sections need explaining in plain English because I've seen some confusion from customers who aren't aware of how Spotify might be using their information and their computer's resources. That's what the following sections cover.



If you're using Spotify on your cellphone, you also need to read the Mobile Terms of Use. People on paid-for plans also need to read the Premium or Unlimited Terms of Use, depending on the plan they're on. The conditions in these terms are pretty straightforward, so I leave them for you to read — like the other terms, you can find a link to them from every page of Spotify.

Country differences

Spotify operates in the following countries: Finland, France, the Netherlands, Norway, Spain, Sweden, the United Kingdom, and the United States. You can pay for Spotify only by using a credit card registered to one of these countries, which also must be the same country you're in.



It's important to note that the Terms of Use may vary, depending on the country you live in, which contrasts with sites such as Facebook and Twitter, which make users around the world agree to U.S. Terms of Service. The differences between countries are subtle, but they're there. For example, European law requires Spotify to offer a cooling-off period for download bundles and subscriptions, which gives you the right to ask for a refund within a certain time period, provided you haven't started using the services. And the U.S. version of Spotify doesn't have a download store or the Spotify Open listening tier yet, so the U.S. terms don't include those bits.

Spotify should redirect you to the correct terms of use after recognizing the country you're from, but just in case, make sure Spotify's page is set to your country by scrolling down to the bottom of any Spotify web page and checking your location.

To get a look at the terms for your region, you can check out this website: www.spotify.com/int/legal/end-user-agreement. (It should detect your location and direct you to the country-appropriate page.)



All Spotify pages have local versions of the same content, and you're usually redirected to your local version. But if Spotify's guessed your location incorrectly, you can substitute your country code in the address. For example, Sweden's code is `se`, so you can find a Swedish version of the agreement at www.spotify.com/se/legal/end-user-agreement. For France substitute `fr`, Norway `no`, Finland `fi`, Netherlands `n1`, Spain `es`, United Kingdom `uk`, and the United States `us`. These country distinctions apply to information you find in all the Spotify pages, not just the terms and conditions.

Basic things to agree to

So, what do you need to know and agree to before signing up to Spotify? Spotify asks you to agree to the following restrictions:

- ✓ **Age:** You need to be 18 years of age or older, or confirm that you're 12 years of age or older (13 in the U.S.) and have parental or guardian consent.
- ✓ **Residence:** You must live in one of the countries in which Spotify operates.
- ✓ **Accuracy:** You need to enter correct registration information.
- ✓ **Noncommercial, personal use only:** If you run a shop or cafe, and are playing Spotify for your customers, that's considered a commercial use and isn't permitted. And if you play Spotify in a school, that's also not personal use.

- ✓ **Subscription tiers:** The differences between the listening options available to your region are listed here.
- ✓ **Pricing:** Spotify could change the prices at any time. But download bundles you've already bought are valid until their expiration date.



Be aware that on Spotify, you can't filter out tracks that contain explicit lyrics. In the U.S., tracks have Explicit warning labels next to them, which act as a guide to the songs' content, but those tracks can't be hidden from search results. Spotify should always be used under parental supervision — just make sure you're within earshot! It's also possible to block access to the application altogether by using your regular parental control settings built into Windows and Mac, or restrict access to a time when you know you'll be around and ready to play your little ones those *Sesame Street* albums.

Local files

Spotify makes a list of your computer's local music files so that you can easily play them from within the application. You can turn music importing off in your Preferences (see Chapter 3). Spotify has to say in its terms that you're allowed to import only files you've legally acquired and have the right to copy. "For instance, you may not use the Spotify Service to import or copy any music you have illegally downloaded off the Internet," the terms clearly state.

Bear in mind that Spotify imports everything it finds in your music library automatically, so if you have a few MP3s that you downloaded years ago from the Internet, Spotify still plays these tracks. Spotify doesn't know where your files came from, but you can delete any not-necessarily-legally-obtained files after the list generation happens by clicking a file and pressing the Delete key. Strictly speaking, the terms say you shouldn't be importing them in the first place, but in reality, I think it's impractical if they're in the same folder as all your other legit files.

Advertising and use of computational resources

The "Advertising and Use of Computational Resources" headline in the Terms of Use sounds a little out of place given that all the other headlines are quite clear. Yet this section is one of the most important — I think Spotify could have explained this part of its terms a whole lot better.

Basically, this section says that Spotify uses file-sharing technology to run its service. It makes use of your computer's resources and Internet connection to exchange music between other Spotify users. Spotify stores recently listened-to tracks in a folder (or cache) on your hard drive and uses your computer to help deliver this content to anyone else looking for it. This setup is why Spotify is so fast and immediate: Your computer is fetching music from other users' computers it finds nearby, and because one good turn deserves another, you are also helping deliver content to others.

The main mechanism it uses is a technology called peer-to-peer (P2P) sharing. File-sharers who use tools such as BitTorrent have been doing peer-to-peer sharing for years — this just a commercial, encrypted, and quality-controlled version of it. If you're interested in more information about how Spotify works, see Chapter 2.

So, in summary, Spotify needs your resources to help deliver the service, and it says so right here.

Use of your data

No data Spotify collects and aggregates is ever personally identifiable. All major online companies, such as Google and Facebook, do this kind of data collection — they all know stuff about us that probably we don't know about ourselves. If you have one of those supermarket loyalty cards or do a lot of online shopping, companies can build up a picture of the kind of stuff your demographic is buying and could give this information to companies that want to know buying trends. They also know what you're into on a personal level and can recommend stuff to you. Spotify does this kind of thing, only for music.

For more about Spotify's privacy policy when it comes to handling your information, see the following section.

Knowing Me, Knowing Spotify

Privacy is a hot topic for Internet users everywhere who are concerned about revealing too much about their online habits. So, I think it's important to know what Spotify can discover about our listening habits and how this information could be used. Please refer to Spotify's privacy policy, shown in Figure 1-3, for the latest information. You can find the link to this policy on every page of the Spotify website.

In the following sections, I outline why Spotify says it needs your data and how it uses that data.

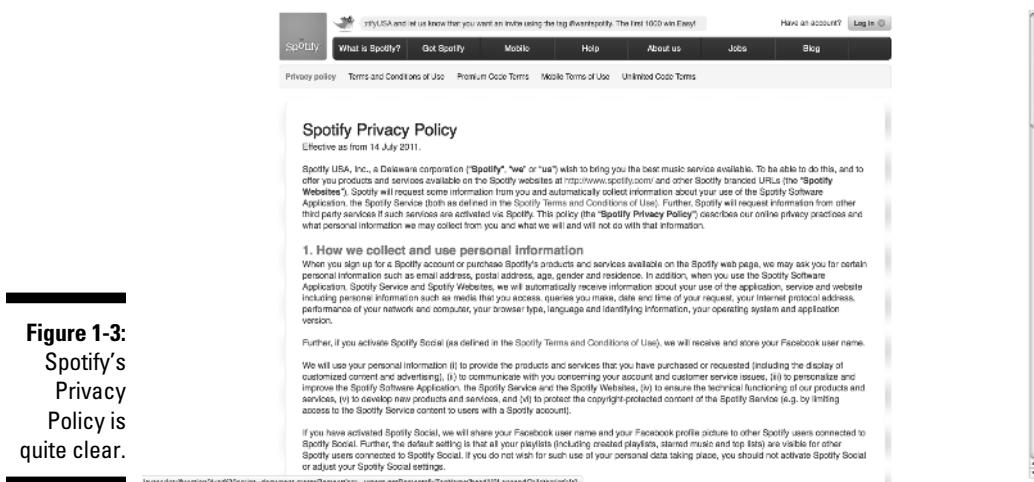


Figure 1-3:
Spotify's
Privacy
Policy is
quite clear.

Making sure artists get paid

The most obvious and important reason of all is that Spotify needs to record what people are playing to ensure that record labels, publishers, and artists are paid the right amount for the amount of listens, or *streams*, they've received. Also, the agreements vary by region, so it needs to know from which part of the world you're listening.

Keeping the service afloat

Spotify records listening data for technical reasons, too — for example, it needs to recognize when its systems need to scale up to handle extra traffic (like when it launched in the U.S.) or down. And to make sure it delivers tracks to you smoothly, it needs to know how likely it is for people to listen to music passively or jump around from track to track, which could put extra strain on its database.

Helping you discover new music

Spotify logs data to help enhance its service: It knows what music people are into and collates all this data in order to make music recommendations to you via its radio features. In the future, it could also use this information to provide a more personal experience on the site — sites such as Amazon.com are famous for giving New for You product recommendations, so Spotify may expand in this area later down the line by recommending new tracks for you. (Right now, though, Spotify offers plenty of other ways to discover new music, as I explain in Chapter 5.)

Conducting market analysis

As discussed in the section “Examining the Business of Spotify,” earlier in this chapter, the Privacy Policy says that the company uses certain information (which doesn’t identify you personally) to share with its business partners. This information includes search terms, the songs you play, playlists you create, and so on. Local files aren’t exempt from this data collection (iTunes does the same thing). Spotify elaborates on this policy in its FAQ: “We collect data on the files you import and play for top list purposes, statistics and to link tracks to our database for better sharing. As we state in our privacy policy, we won’t share an individual’s information regarding imported files to third parties.”

Targeted advertising

For those users on free plans, Spotify can also target the right kind of advertisements to people who listen to certain genres of music. Advertisers know if and when you click an ad to visit their website and what kinds of people are responding to them.

Using Spotify Social

As I explain in Chapters 9 and 10, Spotify has a deep association with Facebook, thanks to Spotify Social — this feature lets you check out what your friends are listening to and what playlists they’ve created or subscribed to. When you connect your Spotify profile to Facebook, any friends who’ve done the same appear in a People list or sidebar in the Spotify window. Spotify also stores your Facebook username.

Your listening trends could be made public if you’ve set your Spotify profile to reveal the top tracks you’ve been listening to. And playlists you create are automatically published unless you turn the sharing function off — Spotify wants you to keep this stuff public, to get you sharing music and giving your musical experience a good airing. But you can hide away from the world, if you want. Turn to Chapter 9, where I discuss Spotify Social and Facebook’s privacy settings and how you can tweak them.

With Facebook Music, you can even see what your friends are listening to right this moment (a feature that’s long been available for other services, such as music-recommendation service Last.fm). At press time, Facebook was still rolling out even more features on its Music service, so check out www.dummies.com/go/spotify for the latest information.